

[EXECUTION COPY]

**AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE CENTRAL BANK OF COSTA
RICA REGARDING A DEBT-FOR-NATURE SWAP WITH RESPECT TO CERTAIN DEBT OWED BY
THE CENTRAL BANK OF COSTA RICA TO THE GOVERNMENT OF THE UNITED STATES OF
AMERICA**

The Government of the United States of America and the Central Bank of Costa Rica,

Seeking to facilitate the conservation, protection, restoration, and sustainable use and management of tropical forests in Costa Rica, which provide a wide range of benefits to humankind,

Noting that rapid rates of tropical deforestation and forest degradation continue to be serious problems in many regions of the world,

Recognizing that the restructuring of external debt in the context of broader economic reforms can result in increased protection for tropical forests,

Wishing to ensure that resources from debt restructuring will be used for the conservation of tropical forests,

Further recognizing the role played by Conservation International Foundation and The Nature Conservancy in tropical forest protection in Costa Rica, and the success of non-governmental organizations in Costa Rica in conserving and managing tropical forest land in Costa Rica,

In consideration of the Debt Reduction Payment by the Government of the United States of America and the restructuring of the debt obligation owed to the U S Agency for International Development by the Central Bank of Costa Rica,

In furtherance of the goals of the U S Tropical Forest Conservation Act of 1998, Public Law No 105-214, as amended, and the Foreign Operations, Export Financing, and Related Programs Appropriations Act for U S fiscal year 2005, as contained in Public Law No 108-447, and

Acknowledging that the U S Tropical Forest Conservation Act of 1998 establishes in the U.S. Department of the Treasury a "Tropical Forest Facility" for the administration of debt reduction involving, inter alia, concessional loans extended by the U S Agency for International Development

Have agreed on this 13th day of September, 2007, and contract as follows:

k

ARTICLE I DEFINITIONS

11. Defined Terms The capitalized terms contained and used in this Agreement shall have the respective meanings ascribed to them in this Section 1.1 and elsewhere in this Agreement. If a capitalized term is not defined in this Agreement and it is defined in the Debt Swap Program Agreement, the Swap Fee Contractual Agreement or the Forest Conservation Agreement, then it shall have the meaning ascribed to it in the Debt Swap Program Agreement, Swap Fee Contractual Agreement or the Forest Conservation Agreement, as applicable.
- (a) "Administrator" has the meaning ascribed to it in the Forest Conservation Agreement
 - (b) "Agreement" means this Agreement between the Government of the United States of America and the Central Bank of Costa Rica Regarding a Debt-for-Nature Swap with Respect to Certain Debt Owed by the Central Bank of Costa Rica to the Government of the United States of America, as it may be amended from time to time
 - (c) "Business Day" means any day on which the Federal Reserve Bank of New York and CBCR are both open for business.
 - (d) "CBCR" means the Central Bank of Costa Rica
 - (e) "Closing" has the meaning set forth in Section 2.3 of this Agreement.
 - (f) "Closing Date" has the meaning set forth in Section 2.3 of this Agreement
 - (g) "CI" means Conservation International Foundation, a nonprofit corporation organized under the laws of the State of California in the United States of America, and any of its successors.
 - (h) "Debt Reduction Payment" means the transfer of twelve million, six hundred twenty-four thousand, three hundred thirty-three US Dollars (US\$12,624,333) by the U.S. Department of the Treasury from the Debt Restructuring Account to the USAID Account
 - (i) "Debt Restructuring Account" means the "Debt Restructuring Program Account," at the U.S. Department of the Treasury
 - (j) "Debt Service Account" means the account of such name that (a) is opened and maintained by the Trustee in accordance with the Trust Agreement, (b) serves as the master account, receiving all Payments from CBCR and transferring all such funds to the FCA Grants Account and/or the FCA Endowment Account, as the case may be, and (c) is operated by the Trustee in accordance with the

instructions of the Oversight Committee, provided that prior to the execution and delivery of the Trust Agreement, "Debt Service Account" shall mean the FCA Escrow Account.

(k) "Debt Swap Program Agreement" means the Agreement between the Government of the United States of America and the Government of the Republic of Costa Rica Regarding a Debt-for-Nature Swap Program under the U.S. Tropical Forest Conservation Act, dated as of the date hereof, as amended from time to time

(l) "FCA Escrow Account" has the meaning ascribed to it in the Forest Conservation Agreement.

(m) "FCA Obligations" means the CBCR's undertakings pursuant to this Agreement, that are reiterated in the Forest Conservation Agreement, arising from the restructuring of the Outstanding Obligation that obligate the CBCR to make payments to the Debt Service Account, in accordance with the terms and conditions set forth in this Agreement and the Forest Conservation Agreement, in the amounts set forth in Schedule A.2 of this Agreement

(n) "Forest Conservation Agreement" means the Forest Conservation Agreement among the Government of the Republic of Costa Rica, the Central Bank of Costa Rica, The Nature Conservancy, and Conservation International Foundation, dated as of the date hereof, as amended from time to time

(o) "GOCR" means the Government of the Republic of Costa Rica

(p) "Outstanding Obligation" means Loan 515K043 under the agreement entitled "Loan Agreement between the United States of America and the Central Bank of Costa Rica for Economic Stabilization and Recovery III," dated May 7, 1984, as amended on July 12, 1984 and December 5, 1984, that obligates the CBCR to repay principal and interest on debt the outstanding principal of which is U.S. \$23,297,601.39 as of August 1, 2007

(q) "Oversight Committee" has the meaning ascribed to it in the Forest Conservation Agreement

(r) "Party" means either the USG or the CBCR, and "Parties" means, collectively, the USG and the CBCR.

(s) "Payment Due Date" has the meaning set forth in Section 6.1 of this Agreement

(t) "Restructured Obligations" means, collectively, the FCA Obligations and the Restructured USAID Obligations, which together shall replace in its entirety

the Outstanding Obligation

(u) "Restructured USAID Obligations" means the CBCR's undertakings pursuant to this Agreement arising from the restructuring of the Outstanding Obligation that obligate CBCR to continue to make payments to USAID in accordance with Schedule A.1 of this Agreement and in accordance with the terms and conditions governing payments under the Outstanding Obligation as well as the terms and conditions set forth herein USAID shall remain the creditor of the CBCR for purposes of the Restructured USAID Obligations

(v) "Swap Fee Contractual Agreement" means the Swap Fee Contractual Agreement among the Government of the United States of America, Conservation International Foundation, and The Nature Conservancy, dated as of the date hereof

(w) "TFCA" means the U S Tropical Forest Conservation Act of 1998, Public Law No. 105-214, as amended

(x) "TNC" means The Nature Conservancy, a nonprofit corporation organized under the laws of the District of Columbia in the United States of America, and any of its successors

(y) "Trust Agreement" has the meaning ascribed to it in the Forest Conservation Agreement

(z) "Trustee" has the meaning ascribed to it in the Forest Conservation Agreement

(aa) "USAID" means the U S Agency for International Development

(bb) "USAID Account" means the Debt Restructuring Financing Account #11X4137 of USAID in the name of "Controller, Office of Financial Management, Agency for International Development", ALC# 72000001, on the books of the Federal Reserve Bank of New York

(cc) "U S Dollar" means the legal tender of the United States of America.

(dd) "USG" means the Government of the United States of America, acting primarily through the U S Department of the Treasury

ARTICLE II CLOSING

21 Obligations of the USG Pursuant to the terms and subject to the conditions hereof, the

USG shall (a) at the Closing, make the Debt Reduction Payment, thereby canceling a portion of the amounts due and unpaid under the Outstanding Obligation, and (b) at the Closing, substitute the Restructured Obligations for the Outstanding Obligation

- 2 2 Obligations of the CBCR Pursuant to the terms and subject to the conditions hereof, the CBCR shall (a) at the Closing, substitute the Restructured Obligations for the Outstanding Obligation, (b) if the Closing Date coincides with a Payment Due Date, make the payment due to the Debt Service Account on such Payment Due Date under the FCA Obligations in accordance with the terms of this Agreement and the Forest Conservation Agreement
- 2 3 Closing The consummation of the transactions contemplated in this Article II shall take place simultaneously in a single act (the "Closing") on (a) September 26, 2007, or (b) such other later Business Day on or before September 28, 2007 as may be agreed by the Parties, the GOCR, CI and TNC in writing (the "Closing Date").

ARTICLE III PAYMENT OF RESTRUCTURED OBLIGATIONS

- 3 1 Payments of Principal and Interest The CBCR shall (a) make payments of principal and interest to USAID in U S Dollars on the Restructured USAID Obligations as specified in Schedule A.1 of this Agreement (which payments shall be subject to the terms and conditions governing payments under the Outstanding Obligation), and (b) make payments in U S Dollars to the Debt Service Account in accordance with the FCA Obligations as specified in Schedule A.2 of this Agreement. All payments made to USAID shall be deposited in the USAID Account by wire transfer in accordance with the wire transfer instructions set forth in Schedule B of this Agreement
- 3 2 Interest on Overdue Payments Interest shall accrue, at an interest rate of three percent (3.0%) per annum, on the outstanding balance of principal of the FCA Obligations and on any due and unpaid interest
- 3 3 Business Day Adjustment For any payment to the Debt Service Account, where the day on or by which a payment is due to be made is not a Business Day, such payment shall be made on or by the next succeeding Business Day Interest, fees and charges thereon (if any) shall not continue to accrue for the period from the due date that is not a Business Day to that next succeeding Business Day
- 3 4. Voluntary Prepayments In accordance with the terms and conditions set forth in the Forest Conservation Agreement, the CBCR may prepay without any cost, premium or penalty all or any portion of the FCA Obligations on not less than thirty (30) days' prior notice to the Oversight Committee
- 3 5 Payment Obligations Absolute The payment obligations of the CBCR hereunder constitute direct, unconditional and general obligations of the CBCR.

- 3 6 No Assignment The CBCR shall not assign, delegate or otherwise transfer any obligation under the Restructured Obligations to any third party without the prior written consent of the USG; such consent shall not be unreasonably withheld or delayed

ARTICLE IV CLOSING

- 4.1 Conditions Precedent The obligation of the USG hereunder to make the Debt Restructuring Payment at the Closing shall be subject to the fulfillment or waiver on or prior to the Closing Date of the following conditions, each of which shall be performed to the satisfaction of the USG.

(a) Swap Fee Contractual Agreement. TNC and CI shall have executed and delivered the Swap Fee Contractual Agreement, such agreement shall be in full force and effect as of the Closing Date, and TNC and CI shall have duly performed and complied in all material respects with all agreements, covenants and conditions required to be performed or complied with by it under the Swap Fee Contractual Agreement as of the Closing Date, and

(b) Forest Conservation Agreement The Forest Conservation Agreement shall have been executed and delivered by the parties thereto and the transactions contemplated in Section 3 thereunder shall have been consummated prior to, or concurrently with, the Closing, and the conditions to closing set forth in the Forest Conservation Agreement shall have been satisfied or waived, and

(c) Debt Swap Program Agreement The Debt Swap Program Agreement shall have been executed and delivered by the parties thereto, such agreement shall be in full force and effect as of the Closing Date, and the GOCR shall have duly performed and complied in all material respects with all agreements, covenants, and conditions required to be performed or complied with it by it under the Debt Swap Program Agreement as of the Closing Date, and

(c) Other Documents. The USG shall have received from the CBCR such further documents, opinions and certificates as the USG shall reasonably request

ARTICLE V ADDITIONAL COVENANTS OF THE CBCR

- 5 1 Consultation. The CBCR agrees to consult with the USG, the GOCR, CI, and TNC before undertaking any action that could reasonably be expected to affect the activities of the Administrator, the Trustee, or the Oversight Committee
- 5 2 Financial Reports The CBCR agrees to forward to the USG, within thirty (30) days of receipt, all reports from the Administrator or the Trustee relating to the payment of the

FCA Obligations The USG acknowledges that reports received from the Administrator or the Trustee will fulfill the CBCR's obligation to provide those reports to the USG.

- 5.3 **Audits and Evaluations** The CBCR agrees to make its best efforts to assist the USG in the satisfactory performance of any audits and evaluations of the CBCR's participation in this TFCA program deemed necessary by the USG in its sole discretion. Such audits and evaluations may be in addition to audits and evaluations required under the Forest Conservation Agreement. The CBCR further agrees to make its best efforts to assist the USG in obtaining any information requested by the USG for purposes of such audits and evaluations.
- 5.4 **Notice of Amendment** The CBCR shall promptly notify the USG of any proposed amendment to the Forest Conservation Agreement. The CBCR must obtain the USG's approval prior to adopting any such proposed amendment.

ARTICLE VI FAILURE TO MAKE PAYMENTS UNDER THE FCA OBLIGATIONS

- 6.1 In the event the CBCR does not make full payment of any installment under the FCA Obligations when due under this Agreement (each such due date, a "**Payment Due Date**"), the CBCR shall immediately commence discussions with the USG to resolve such payment default (and in no event shall such discussions be commenced later than seven (7) Business Days after the respective Payment Due Date). The CBCR and the USG agree to use their best efforts to find a mutually acceptable resolution.
- 6.2 In the event the CBCR and the USG are unable to find a mutually acceptable solution within sixty (60) days following the applicable Payment Due Date, the following procedures shall apply:
- (a) The USG shall require the CBCR to pay immediately in U.S. Dollars any arrears under the FCA Obligations, including any accrued interest, to the Trustee for deposit into the Debt Service Account for distribution in accordance with the Forest Conservation Agreement, and
 - (b) The USG may, in its sole discretion, declare all, or any part of, future payments under the FCA Obligations due and payable immediately in U.S. Dollars, in which case, such amounts shall be paid to the Trustee for deposit into the Debt Service Account for distribution in accordance with the Forest Conservation Agreement.
- 6.3 If, after one hundred twenty (120) days from the applicable Payment Due Date, the CBCR still has not paid all arrears under the FCA Obligations, and one or more of the following events has or have occurred:
- (a) The USG has not exercised its rights under Section 6.2 above,

- (b) The USG has exercised its rights under Section 6.2(a), but not made a claim for the full amount in arrears, or
- (c) The USG has exercised its rights under Section 6 2(b), but not made a claim for all future payments under the FCA Obligations to be due and payable immediately in U S. dollars,

then CI or TNC shall have the right to seek the enforcement of the FCA Obligations in accordance with Section 9 5 1 of the Forest Conservation Agreement

ARTICLE VII CONSULTATION

Upon the written request of either Party, the Parties shall consult concerning the implementation or interpretation of this Agreement. These consultations shall take place within thirty (30) days after a request for consultations is received from either of the Parties.

ARTICLE VIII AMENDMENT AND NOTIFICATION

- 8 1 Amendment, Waiver This Agreement may be amended with the written consent of both Parties. No provision of this Agreement may be waived orally, but only by a written instrument signed by the Party against whom enforcement of such waiver is sought. A failure or delay in exercising any right, power or privilege in respect of this Agreement shall not be presumed to operate as a waiver, and a failure or delay in exercising a single or partial exercise of any right, power or privilege shall not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.
- 8 2 Notice All notices, consents, requests, instructions, approvals, and other communications provided for herein shall be in writing and shall be deemed validly given (a) on the date of delivery when delivered by hand, (b) on the date of transmission when sent by facsimile transmission during normal business hours with telephone confirmation of receipt, or (c) on the date of receipt in accordance with the records of receipt of a reputable overnight courier that maintains records of receipt, all addressed as set forth below (or to such other address as any Party shall have designated by notice in accordance with this Section 8 2 to the other Party)

(a) To the USG

Deputy Assistant Secretary for International
Development Finance and Debt

U.S. Department of the Treasury
1500 Pennsylvania Avenue, N W
Washington, D C 20220 U S A.
(202) 622-0070 (telephone)
(202) 622-0658 (facsimile)

(b) To the CBCR
Gerencia,
Banco Central de Costa Rica
Avenidas Central y Primera, Calles
Dos y Cuatro, San Jose, Costa Rica
(506) 243-3034 (telephone)
(506) 243-3031 (facsimile)

- 8 3 Counterparts This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one instrument. This Agreement shall not be effective unless and until signed by each party hereto

ARTICLE IX ENTRY INTO FORCE AND TERMINATION

- 9.1 Entry into Force This Agreement shall become effective on the date of the last signature below ("Effective Date") Each Party's signature below evidences that all necessary domestic legal requirements for entry into force of the Agreement shall be fulfilled under the respective Party's laws by the date this Agreement enters into force
- 9 2 Termination This Agreement shall terminate (a) on September 28, 2007, if the Closing shall not have occurred before that date, or (b) if the Closing has occurred, upon the payment by the CBCR of all amounts due under this Agreement In addition, a Party hereto may terminate this Agreement upon or after the termination of the Forest Conservation Agreement, the Debt Swap Program Agreement, and the Swap Fee Contractual Agreement, provided that the Party intending to terminate this Agreement (i) notifies the other Party by notice seven calendar days in advance of the requested termination date which shall be a Business Day ("Termination Date"), and (ii) is not in default under this Agreement, the Debt Swap Program Agreement, the Forest Conservation Agreement, or the Swap Fee Contractual Agreement

ARTICLE X OTHER PROVISIONS

- 10 1 No Donation This Agreement does not constitute a grant or donation from the USG to the CBCR or the GOCR.

10.2 Schedules. The following schedules are part of this Agreement:

Schedule A.1	Payment Schedule for Restructured USAID Obligations
Schedule A.2	Payment Schedule to the Debt Service Account for FCA Obligations
Schedule B	Wire Transfer Instructions for Restructured USAID Obligations

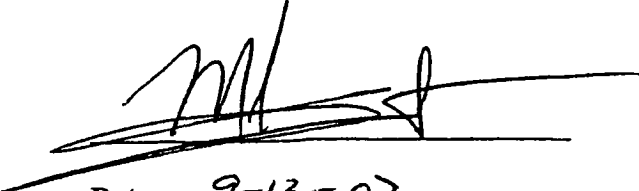
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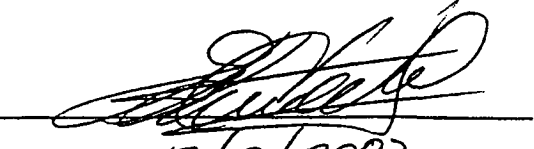
IN WITNESS WHEREOF the undersigned, being duly authorized by their Government and Board of Directors, respectively, have executed and delivered this Agreement.

DONE at San Jose, Costa Rica, in the English language, this 13th day of September, 2007.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

FOR THE CENTRAL BANK OF COSTA
RICA:


Date: 9-13-07


Date: 13/9/2007


Vo. Bo. Director
Div. As. Juridica

Schedule A.1
Schedule of Payments to USAID under Restructured USAID Obligations

Loan 515 K043			
Payment Date	Scheduled Principal	Scheduled Interest	
*11/15/2007	\$ 68,006 10	\$ 44,815 78	
5/15/2008	\$ 69,026 19	\$ 43,795 68	
11/15/2008	\$ 70,061 59	\$ 42,760 29	
5/15/2009	\$ 71,112 51	\$ 41,709 37	
11/15/2009	\$ 72,179.20	\$ 40,642 68	
5/15/2010	\$ 73,261 88	\$ 39,559 99	
11/15/2010	\$ 74,360.81	\$ 38,461 07	
5/15/2011	\$ 75,476 22	\$ 37,345 65	
11/15/2011	\$ 76,608.37	\$ 36,213 51	
5/15/2012	\$ 77,757 49	\$ 35,064 38	
11/15/2012	\$ 78,923.86	\$ 33,898 02	
5/15/2013	\$ 80,107 71	\$ 32,714 16	
11/15/2013	\$ 81,309 33	\$ 31,512 55	
5/15/2014	\$ 82,528 97	\$ 30,292 91	
11/15/2014	\$ 83,766 90	\$ 29,054 97	
5/15/2015	\$ 85,023 41	\$ 27,798 47	
11/15/2015	\$ 86,298 76	\$ 26,523 12	
5/15/2016	\$ 87,593 24	\$ 25,228 64	
11/15/2016	\$ 88,907 14	\$ 23,914 74	
5/15/2017	\$ 90,240 75	\$ 22,581 13	
11/15/2017	\$ 91,594 36	\$ 21,227 52	
5/15/2018	\$ 92,968 27	\$ 19,853 61	
11/15/2018	\$ 94,362 79	\$ 18,459 08	
5/15/2019	\$ 95,778 24	\$ 17,043 64	
11/15/2019	\$ 97,214 91	\$ 15,606 97	
5/15/2020	\$ 98,673 13	\$ 14,148 74	
11/15/2020	\$ 100,153 23	\$ 12,668 65	
5/15/2021	\$ 101,655 53	\$ 11,166 35	
11/15/2021	\$ 103,180 36	\$ 9,641 51	
5/15/2022	\$ 104,728 07	\$ 8,093 81	
11/15/2022	\$ 106,298 99	\$ 6,522 89	
5/15/2023	\$ 107,893 47	\$ 4,928 40	
11/15/2023	\$ 109,511 88	\$ 3,310 00	
5/15/2024	\$ 111,154 59	\$ 1,667 32	
TOTAL	\$ 2,987,718 25	\$ 848,225 60	

*dates are shown in month/day/year format; thus, 11/15/2007 means November 15, 2007

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Schedule A.2
Schedule of Payments to Debt Service Account under FCA Obligations

FCA Obligations			
Payment Date	Scheduled Principal	Scheduled Interest	
11/15/2007	\$ 462,291 23	\$ 304,648 24	
5/15/2008	\$ 469,225 60	\$ 297,713 88	
11/15/2008	\$ 476,263 98	\$ 290,675 49	
5/15/2009	\$ 483,407 94	\$ 283,531 53	
11/15/2009	\$ 490,659 06	\$ 276,280 41	
5/15/2010	\$ 498,018 95	\$ 268,920 53	
11/15/2010	\$ 505,489 23	\$ 261,450 24	
5/15/2011	\$ 513,071 57	\$ 253,867 91	
11/15/2011	\$ 520,767 64	\$ 246,171 83	
5/15/2012	\$ 528,579 16	\$ 238,360 32	
11/15/2012	\$ 536,507 84	\$ 230,431.63	
5/15/2013	\$ 544,555 47	\$ 222,384 01	
11/15/2013	\$ 552,723 79	\$ 214,215.68	
5/15/2014	\$ 561,014 65	\$ 205,924 82	
11/15/2014	\$ 569,429 87	\$ 197,509 61	
5/15/2015	\$ 577,971 32	\$ 188,968 15	
11/15/2015	\$ 586,640 89	\$ 180,298 58	
5/15/2016	\$ 595,440 50	\$ 171,498 97	
11/15/2016	\$ 604,372 11	\$ 162,567 36	
5/15/2017	\$ 613,437 69	\$ 153,501 78	
11/15/2017	\$ 622,639 25	\$ 144,300 22	
5/15/2018	\$ 631,978 85	\$ 134,960 62	
11/15/2018	\$ 641,458 53	\$ 125,480 95	
5/15/2019	\$ 651,080 40	\$ 115,859 07	
11/15/2019	\$ 660,846 61	\$ 106,092 86	
5/15/2020	\$ 670,759 32	\$ 96,180 16	
11/15/2020	\$ 680,820 70	\$ 86,118 77	
5/15/2021	\$ 691,033 01	\$ 75,906 46	
11/15/2021	\$ 701,398 51	\$ 65,540 97	
5/15/2022	\$ 711,919 48	\$ 55,019 99	
11/15/2022	\$ 722,598 28	\$ 44,341 19	
5/15/2023	\$ 733,437 26	\$ 33,502 22	
11/15/2023	\$ 744,438 81	\$ 22,500 66	
5/15/2024	\$ 755,605 64	\$ 11,334 08	
TOTAL	\$20,309,883 14	\$ 5,766,059 19	

*dates are shown in month/day/year format; thus, 11/15/2007 means November 15, 2007

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SCHEDULE B
Wire Transfer Instructions

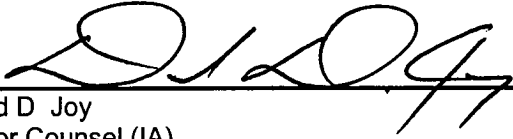
1 US Dollar wire transfers to USAID must be made from a foreign central bank to a U.S bank which is "on-line" with the Federal Reserve. The Federal Reserve only deals with foreign central banks. The receiving U.S. bank must have an on-line connection with the Federal Reserve.

2 The information supplied on the wire transfer must include:

- a. USAID ABA No = 021030004.
- b. *Federal Reserve Foreign Dept*
Type Code = 15 = *Payments from Foreign Central Banks*
Type Code = 10 = *Payments from Commercial Banks*
- c. ABA (Account) No. of sender
- d. US Dollar Amount
- e. USAID Agency Location Code (ALC) = 72000001
- f. Detail concerning purpose of payment

3 Questions Federal Reserve/New York (212) 720-5840

I hereby certify that the attached copy is a true copy of the original document

A handwritten signature in black ink, appearing to read "D. Joy", is written over a horizontal line.

David D Joy
Senior Counsel (IA)
U S Department of the Treasury